

INTERNATIONAL MISSIONS

MISSION OFFICE INTERNAL CONTROL EVALUATION (ICE) INSTRUCTIONS

Importance of Internal Control

Internal Control is part of the overall plan of organization and procedures used by all Church departments and entities to (1) safeguard resources, (2) ensure reliability of financial and operating data, (3) promote efficient operations, and (4) ensure compliance with Church policies and procedures.

Officers of Church entities are responsible for providing sound internal controls. Other employees and volunteers are responsible for understanding and practicing those internal controls.

This internal controls evaluation (ICE) has been developed to help determine if internal controls are operating effectively in mission offices, based on instructions in the International Mission Financial Handbook, a handbook of instructions for mission financial secretaries Mission President's Handbook, and the Mission Office Handbook. The ICE provides feedback on how consistently internal controls are being observed. It helps identify where training or help is needed and increases mission office personnel's awareness and knowledge of internal controls and mission administrative policies. The ICE states specifically what is expected.

The numbered items in the evaluation are carefully worded statements of control expectations. They state the conditions that need to be present to achieve the level of order desired. Many items instruct the evaluator to perform certain tasks to make sure that the expected condition actually exists.

To The Mission President

Although not all encompassing in scope, this evaluation will direct your attention to some aspects of your responsibility that are frequent sources of problems in keeping order in mission office affairs.

Please review the completed internal control evaluation with your office staff and refer to your International Mission Financial Handbook and Mission President's Handbook for guidance in solving problems.

INTERNAL CONTROL EVALUATION - INTERNATIONAL MISSIONS

MISSION HANDBOOKS

The objective is to ensure that mission president, mission financial secretary and all other mission personnel understand and uphold mission policies and procedures.

Key Expectations:

1. The Mission Office Handbook and the International Mission Finance Handbook are installed in each computer. A printed copy of the handbooks can also be found in the mission office.
2. Each missionary personnel has read the handbook and understand their duties.

MISSIONARY FUNDING

The objective is to ensure proper control and documentation of funds given to missionaries.

Key Expectations:

1. _____ Special Needs (4-1935) is limited to authorized items.
2. _____ Funding for missionaries is done in a safe way that does not put the missionaries in danger.

Explain how funding takes place.

3. _____ The mission president is the only one that authorizes transmission or spending of funds.
4. _____ The approved mission base is not changed unless proper approvals have been received.
5. _____ Individual adjustments to missionary support funds are explained, documented, and approved by the mission president.
6. _____ Deductions made from the amounts allocated to missionaries are limited in number and amount.
7. _____ Missionaries are instructed not to solicit and receive additional funds from home for food, personal care, housing, utilities, or transportation costs.
8. _____ Bicycles are paid for by the individual missionary, family, ward or stake and not from missionary support funds.
9. _____ Funds for couples are not mixed with funds for single missionaries. Couples are not subsidized in any way from missionary support funds.
10. _____ Cost Center 8 accounts should be zero or a plan should be prepared to amortize the balance. The balance of Cost Center 8 should be on an increasing trend without any explanations.
11. _____ All missionaries (including visa waiters & new arrivals) sign for any cash received, noting the date and amount.
12. _____ Receipts of funds from administration office are acknowledged by maintaining a zero balance in Account 9-4595 at month end. Receipts are prepared upon confirmation that funds are deposited in

the bank.

MISSIONARY HOUSING

The objective is to ensure that missionary housing rent, files, and furnishings are within policy and security deposits are current and correctly recorded.

Key Expectations:

1. _____ A housing file with copies of lease and rental agreements, deposits, and correspondence, is prepared for each facility in which missionaries are housed.
2. _____ Security deposits, if any, are documented as to amount and time of payment. (Copy of original check when the deposit was first made is in apartment file).
3. _____ All furnishings bought for single missionary housing come from missionary funds.
4. _____ Missionary apartments are inspected on a regular basis, preferably monthly.
5. _____ Security deposits, if any, are recorded on MMS. (Print house rent list to compare with Schedule of Detailed Accounts). *If MMS is not used, security deposits are written in Detailed account ledgers, and a full account analysis is done on a monthly basis showing all active leases.*
6. _____ A monthly journal entry is prepared for single missionaries living in church-owned housing or on buildings located on meetinghouse sites, by debiting 1XXX-4-1931 and crediting 71MU-00-2250.
7. _____ Money collected from couple missionaries living in church owned housing or on buildings located on meetinghouse sites is coded to 71MU-00-2250.
8. _____ Furnishings purchased for missionary housing is charged to 4-1934.

CASH DISBURSEMENTS

The objective is to ensure that (1) money is disbursed by check when possible, with proper authorization, and with evidence that goods and services have been properly authorized, received, and invoiced; (2) payments are coded to proper accounts; (3) invoices are paid on a timely basis and discounts are taken; and (4) invoices have been checked for clerical accuracy.

Key Expectations:

1. _____ The mission president and the mission financial secretary are the only ones dealing with mission finances or have access to the cash, checks or deposit slips
2. _____ The mission president does not have any funds for "discretionary use" (on or off the missions accounting records in any bank accounts or safes in the mission) that have been solicited or donated by friends, wards, church members, etc. that are not from approved church funds.
3. _____ The local checking account *in local currency* is the only bank account used by the mission.
4. _____ Checks are used in date and numerical sequence. Thumb through the last two months of check *copies* in the numerical file. Look at check numbers and dates. Account for every check. Note any checks out of sequence. *Copies of voided checks should be included in the numerical file.*
5. _____ All unused checks are kept in a locked cabinet with access limited to the mission president and the financial secretary. Verify by observation.
6. _____ The mission president never signs a check until it is complete in every detail. A check is not complete unless (a) it is dated, (b) the amount is shown in numbers and in written form, the payee is shown, (d) account codes and amounts total the check amount and (e) supporting documents are available for review. Ask the mission president if he complies. Ask the financial secretary if the president ever signs blank checks. Look at the next few blank checks to be issued to see if blank ones have been signed.
7. _____ Only the mission president signs checks. We realize, however, that in some situations it may be necessary for payments to be made while the mission president is away for more than a week or where multiple country missionary activities are supervised by missionary couples. In these circumstances, as an exception to policy, the Area Controller can approve (at the mission president's request) someone else to have single signature authority. This should be a set apart full-time senior missionary where possible. When payments are made with the signature of someone other than the mission president, the mission president should review and approve the payments as soon as possible after they are made.
8. _____ Spoiled checks are voided by tearing off the signature portion of the original if check has been signed and by writing or stamping the word "VOID" on all copies. The original is sent with the weekly disbursement report. Copies are filed in a separate file for audit purposes. Ask to see the copies of voided checks. Print the check number of the most recently voided check
9. _____ Expenditures are well documented. This means there is an original invoice and a delivery slip if goods were bought. Every expenditure is supported by some relevant explanation. If there is not a document from an outside party (such as an invoice), there is a written explanation why the expenditure was made, how the amount

was computed, and reference to an agreement or arrangement, etc.

10. _____ Invoice name and amount match the check payee and amount.
11. _____ Payment is authorized. The signature, initials, or stamp of the authorizer (the mission president or whomever he authorized) are on the supporting document.
12. _____ There is evidence that goods or services were actually received. There is an indication on the packing slip or invoice (a) that the items purchased were received in good order and (b) who received them. The signature or initials of the person who received the items is on the invoice or packing slip.
13. _____ Checks, with documentation attached, are filed alphabetically by payee and by year (except rent and missionary support).
14. _____ Checks, whenever possible, are made out to a payee and not to *cash, bearer, or to a bank.*

CASH RECEIPTS

The objective is to ensure that all money delivered to the mission is promptly received, properly coded and deposited at least weekly in the mission's bank account.

Background and Magnitude:

What are the major sources of cash receipts? (Review several months receipts to identify major sources and any unusual amounts.)

Key Expectations:

1. _____ The financial secretary has a series of prenumbered mission receipt forms to use to record all money received. The financial secretary is accountable for the funds he receives and issues receipts for. The prenumbered receipts must be used in date and numeric sequence.
2. _____ Unused or blank forms (particularly cash receipts and deposit slips) are locked in a safe, desk, or file cabinet. Describe where they are kept
3. _____ All copies of receipts are filed and there are no missing numbers in the numerical sequence. Validate by reviewing the last two months of receipts.
4. _____ The financial secretary has a cash box for safeguarding the cash. *The cash box is locked and placed in a safe when not in use.*
5. _____ Checks are restrictively endorsed as soon as they are received. (Show stamp below.)
6. _____ Cash receipts are prepared the same day money is received.

7. _____ All money received and receipted by the financial secretary is deposited intact in the local bank at the end of each week. Deposits are made if at the end of any day, currency and coin exceed the equivalent of U.S. \$300.00, or all money, including currency, coin, checks, and other instruments exceed the equivalent of U.S. \$1,000. "Intact" means the deposit includes all money received (including all checks), since the last deposit. Disbursements are not made out of money not yet deposited.
8. _____ The amount to be deposited in the bank is equal to the total of the related receipts.
9. _____ Bank reconciliations are current and mailed to the *administration* offices on time.

PETTY CASH

How many petty cash funds are kept in the mission?

Key Expectations:

1. _____ Petty cash or change funds are small and usually no more than the amount needed to pay for minor expenses for a two-week period.
2. _____ Petty cash or change funds are kept in *locked box*. *The box is locked all the time and kept in a safe during non-office hours.*
3. _____ Petty cash funds are not used to cash checks or foreign currency for missionaries.
4. _____ Petty cash and the change fund are reconciled to a fund amount (General Ledger balance) each time it is reimbursed. The written reconciliation shows that money left in fund, plus receipts or expenditures, equals fund amount.
5. _____ Prepare a reconciliation of petty cash and change fund.
6. _____ Only the petty cash custodian (usually the mission financial secretary) has access to the petty cash fund, and only the supply manager has access to the change fund.
7. _____ A petty cash voucher is filled out every time money is used from the petty cash fund.
8. _____ Both the fund custodian and the person receiving the funds sign the petty cash voucher.
9. _____ The petty cash fund is not used if a check can be written to cover the expense.

10. _____ Any increase or decrease in the size of petty cash funds is approved by the *mission president and administration office*.

FINANCIAL STATEMENTS

The objective is to verify that spending is within authorized limits and to ensure proper review and control of financial statements.

Key Expectations:

1. _____ The Statement of Operations is reviewed monthly by the mission president and the mission financial secretary to analyze the reasonableness of account balances and to determine future actions to take to avoid potential over-expenditures.
2. _____ The amount of funds used year-to-date is within the approved guideline.
3. _____ The General Ledger is analyzed monthly by the financial secretary for reasonableness and accuracy. Review two months and highlight any unusual or large items.
4. _____ The financial reports are protected from unauthorized access, loss or destruction and are properly filed and kept for the full retention period according to local requirements.
5. _____ The 9-3300 account is used only for short term (60-day maximum) emergency loans to missionaries as approved by the mission president. Attach a Schedule of Detailed Accounts. Normally, the total balance should be less than \$1,500.00. Highlight loans older than 60 days.
6. _____ All loans for bicycles are recorded in 9-3300. If not, where are they recorded?
7. _____ The 9-3305 account is used only for deposits for currently rented housing. Verify by cross referencing existing deposits with active proselytizing areas. Attach a Schedule of Detailed Accounts. Identify any outstanding deposits for closed apartments. *Deposits for closed apartments should be collected or written off as uncollectible to 4-1931.*
8. _____ Only authorized records are used in the office. (No off ledger records).

TRAVEL

The objective is to ensure that travel and visa arrangements are made on time, properly recorded, and all travel documentation is current and in order.

Key Expectations:

1. _____ There is a record that shows visa renewals dates for residency requirements for each non-native missionary serving in the mission.
2. _____ Using the mission roster as guide, a completed Return Air Transportation Request (Form 32984) is faxed or mailed to the Church Travel Coordinator at least 10 weeks before departure date of returning missionaries.
3. _____ When tickets arrive in the mission office, they are reviewed individually to make sure that they show the correct name, destination, airline, flight number and departure date and time.
4. _____ The mission coordinates travel arrangements with parents that are traveling with their missionaries. Parents are instructed that after the tickets have been purchased, any changes in travel arrangements are the responsibility of the parents. Parents are informed immediately of any changes in travel plans.
5. _____ The charges for tickets for returning missionaries are correctly recorded in the general ledger. Verify charges in general ledger account 9-1121 for tickets purchased.
6. _____ Travel advances (if any) for the mission president's travel are accounted for and proper documentation is always received to justify the expense. The expense portion is coded to 0-1102.

MISSION VEHICLES

The objective is to ensure that mission vehicles are authorized, proper maintenance and repairs are done on time and drivers are certified, have received safety training and accidents are reported.

Key expectations:

1. _____ The Vehicle Data Log Book, for each vehicle is kept current for maintenance schedules, maintenance and repairs, monthly mileage, vehicle inspections, and accident damage to the vehicle. (MOH 3.3) Verify by inspecting Vehicle Data Log Books
2. _____ There is record of missionaries who are certified to drive and that have received safety instructions according to current policy. (MOH 4.2-4.3) Verify that current drivers' information is on file.
3. _____ Reporting of vehicle and bicycle accidents and submission of monthly vehicle reports is done in accordance with current policy. (MOH 5.2-5.3)

TEMPORARY MEMBERSHIP RECORDS

1. _____ Missionaries are completing both sides of the Baptism Recommend/Temporary membership Record form completely and legibly.

2. _____ The number of Baptism Recommend/Temporary Membership Records forms **sent** to the Church administration office is equal to the number being reported on the "Total convert baptism" line of the Weekly Report of Convert Baptisms (Form 34851)
3. _____ The number being reported on line 10 of the monthly Full-time Mission President's Report, is the same as the sum of the Weekly Reports of Convert Baptisms for the month.
4. _____ The mission office is sending the BR/TMRs to the Administration office within one week of the baptism. Compare date of the latest Weekly Report of Convert Baptism with the dates on the corresponding BR/TMRs.

REFERRALS

The objective is to ensure that referrals are visited promptly and any materials promised to the referred person are reliably delivered.

Background and Magnitude:

Approximately how many referrals are received each month?

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How are referrals sent to missionaries?

Key Expectations:

1. _____ Referrals that are received are entered into MMS. *If MMS is not used, the mission has a system for keeping track and follow up on referrals received.*
2. _____ Referrals are sent to the appropriate proselyting area the same day they are received.
3. _____ Missionaries are reporting weekly to the mission office on the status of each referral.
4. _____ Referred persons are visited within five days and the missionaries are taking to the referred person the item requested.
5. _____ If no contact has been made within 21 days, the item requested is mailed from the mission office.
6. _____ Missionary leaders are using the Referral Exception report and the Referral Summary Report to follow up with missionaries.

COMPUTERS

The objective is to ensure that mission data is routinely backed up, confidential data is secure and existing software is properly licensed.

Background and Magnitude:

All computers, printers and software in the mission office are listed on an inventory sheet with a copy on file in the administration office. (If no list, then have the mission prepare one).

What computer programs (if any) have been developed locally for mission use?

Have you had any problems with viruses on computers? _____ If so, please explain in detail what the symptoms were, what damage was done, (if any), and how it was cleaned from the computers.

What problems do you currently have with the mission computers application programs that have not been resolved?

Key Expectations:

The Policy and Guidelines (Computers In Missions) document is on file, understood, and specific attention is being given to the following policy and/or guidelines:

1. _____ Access to mission computer systems is controlled by passwords. It is limited to assigned missionaries and specially called Church members who are trained and authorized to use the system.
2. _____ All commercial software is used in accordance with all terms of the associated license agreement. Unlicensed or illegal copies of commercial software have not been made or used.
3. _____ All critical data in mission computers is backed up at least weekly.
4. _____ Backup diskettes are stored in a safe location, including off site storage monthly. Describe where they are stored.

5. _____ A Mission Computer Specialist has been assigned and given the duties noted.
6. _____ The number of computers and programs used is within policy. (See Computers in International Missions).

MISSION INVENTORY

The objective is to ensure that inventory is limited to authorized items, purchases are documented and approved, sales are properly recorded and funds and inventory are counted regularly.

Description and Magnitude:

How many orders are sent to the Salt Lake or local distribution centers on a monthly basis? _____

Attach a copy of the authorized list of items signed by the mission president, and a copy of the most recent physical count of inventory. (If not done, please prepare.)

Do missionaries in this mission use bicycles?

Key Expectations:

1. Distribution orders were reviewed for accuracy and supporting documentation.
2. The supply manager has a cash box to safeguard cash received from sales of literature and supplies. The cash box *is locked and placed* in a locked safe when not in use.
3. The supply manager has a series of prenumbered supply receipt forms to record all money received. The supply manager is accountable for funds received and receipts issued. The prenumbered supply receipts are used in numeric sequence.
4. At least weekly, the mission supply receipts are totaled and delivered with adding machine tape attached, to the financial secretary with all the cash accumulated since the last accounting. The financial secretary issues a mission receipt to the supply manager for the actual amount of cash delivered. The mission supply receipts should be kept by the financial secretary in a separate file.
5. The change fund is reconciled to the approved amount each time funds are transferred to the financial secretary.
6. The mission president approves materials to be ordered by signing the order form.
7. Storage areas are orderly, clean, and protected from natural or man-made hazards.
8. Inventories are safeguarded at all times. Only authorized office personnel have access to the inventory and the inventory is locked when unattended.
9. An inventory count of all supplies should be maintained and updated.
10. Only the authorized items and supplies are carried in stock in the supply room or ordered from the Distribution Center. Any change from this policy is specifically approved in writing by the mission president. Obsolete items are disposed of properly.
11. Literature and supplies are sold or given only to full time missionaries.
11. Purchases and sales of the supplies should be about the same within the year and inventory should be maintained at a minimum level.

The balance in 0-1220 will be at or near zero at year end.

MEDICAL PROGRAM

The objective is to ensure that medical bills are paid promptly, medical reimbursements are being requested, and medical reimbursements are properly recorded.

Key Expectations:

1. Incoming missionaries are contacted to see if they, or their families, have some type of medical insurance.
2. A list of medical providers is maintained in the mission office.
3. All medical treatment (except in emergencies) is approved by the mission president before treatment is given.
4. Medical payments to doctors, hospitals, etc., are based on invoices and not on statements.
5. Medical payments for treatment of pre-mission conditions are coded to 9-3300--Missionary Accounts.
6. Arrangements have been made with missionaries and their parents or ecclesiastical units, for funding medical care for any pre-mission conditions.
7. Copies of paid medical invoices are sent to families, that have insurance, so insurance claims can be filed.
8. Follow-up for insurance requests is done on a continuing basis.
Contact the administration office for help in solving problems with follow-up.
9. Medical refunds received by the mission are coded to 9-1949.
10. Public health services are used where appropriate.

OTHER FINANCIAL MATTERS

The objective is to ensure that financial affairs are up-to-date and orderly.

Key Expectations:

1. Copies of journal vouchers prepared by the administration offices are received by the mission.

2. _____ Each journal voucher prepared by the area office includes a complete explanation that is understood by mission personnel.
3. _____ If there is a postage meter, it is locked up at night and when not in use.
4. _____ Stamps are locked in a safe place when not being used.
5. _____ The records retention policy is followed according to local laws and regulations.
6. _____ There is a record of check and receipt envelopes sent to area office. (Check and Receipt Control form or photocopies of weekly report envelopes)
7. _____ Missionaries are not fined by the mission for accidents or other programs.
8. _____ Mission employees, if applicable, are being paid as per instructions from the *administration* office.
9. _____ Missionary expenditures for the month are taken from the weekly reports and summarized in the Mission President's monthly report to obtain mission's cost per missionary.
10. _____ Missionary couples or other non-proselyting missionaries using *Church* owned cars are charged *U.S.\$25.00 (or local currency equivalent)* per person as per current policy.
11. _____ When the change in financial secretaries took place, a Mission Financial Secretary Training Checklist was filled out as financial items were reviewed and discussed.
12. _____ The new financial secretary has a list of persons to contact on financial questions.
13. _____ Training for the mission financial secretary included preparation of reports for one month-end cycle.